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## **INTRODUCTION**

The Office of Internal Audit performed an audit of Genesee County FIA for the period May 1, 2002 through September 8, 2003. The objectives of our audit were to determine if internal controls in place at the local office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Family Independence Agency (FIA) are being followed. Genesee County FIA had 590 full time equated positions (FTE's) at the time of our review. Genesee County FIA provided assistance to an average 51,914 customers per month during FY 2002, with total assistance payments of \$83,517,238 during that year.

## **SCOPE**

Our audit was conducted in accordance with Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors. We obtained descriptions of significant systems operating at Genesee County FIA, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. We included the following systems:

Cash Receipts	Employment Support Services
Cash Disbursements	CIMS/ASSIST Security
State Emergency Relief	Payroll and Timekeeping
Safe and Controlled Documents	Procurement Card
Client Processing	State Car Usage
IRS Information Security	General Ledger
Balance Sheet	

## **EXECUTIVE SUMMARY**

Based on our audit, we concluded that Genesee County FIA's internal controls need improvement in order to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization. We found that controls were adequate throughout Genesee County FIA for Cash Disbursements, Procurement Card Usage, and State Car Usage. However, we found several instances of noncompliance with FIA policies and procedures and weaknesses in internal controls in other areas, which are detailed below.

## **LOCAL OFFICE RESPONSE**

The management of Genesee County FIA has reviewed all findings and recommendations included in this report. They indicated in a memo dated October 13, 2003 that they disagree with finding #37, 41, and 42 and they are in general agreement with the other findings and have taken corrective action.

## **FINDINGS AND RECOMMENDATIONS**

### **Central Administration**

### **Modified Accrual Basis Balance Sheet**

#### **Accounts Receivable Due from State**

1. Genesee County FIA did not reconcile the Accounts Receivable Due from State Accounts listed on the Balance Sheet to the detail in the pending file. Accounting Manual Item 402-3 requires a monthly reconciliation of accounts receivable due from State to be performed by comparing the General Ledger balance for each 078 account to the total of the documents in the respective Outstanding Accounts Receivable file. The latest month's reconciliation must be retained on file. Reconciling the Due from State account to the detail ensures that the account balances are correct and all transactions are accounted for.

WE RECOMMEND that Genesee County FIA reconcile the Accounts Receivable Due from State Accounts.

### **General Ledger**

#### **Monthly Financial Report**

2. The Genesee County FIA Monthly Financial Report (LR-670) beginning Cash Balance did not always agree with the previous month's ending balance, as required by Accounting Manual Item 502. These two figures must agree to ensure the integrity of the reconciliation.

WE RECOMMEND that Genesee County FIA ensure that the beginning balance each month is the same as the ending balance for the previous month, when reconciling the Monthly Financial Report.

NOTE: Corrective action taken while auditor was on site

### **Cash Receipts**

#### **Mail Opening**

3. Genesee County FIA had three people opening the mail. However, all three employees opened the mail separately and the mail was given to one person who completed the Daily Record for Deposits (FIA-4729) and the Record and Disposition of Checks/Warrants (FIA-61). Accounting Manual Item 431 states two people should open the mail together, one of them opening the mail, and the other logging the negotiable items received. Having two employees work together in this manner helps to ensure that all items received are recorded.

WE RECOMMEND that Genesee County FIA have one mail clerk open the mail and the second mail clerk log the checks, money orders and the returned state warrants.

#### Proper Recording of Negotiables

4. Genesee County FIA did not properly record negotiables received through the mail on the Daily Record for Deposits (FIA-4729). We found one check that was received through the mail that was not recorded on the FIA-4729 log. The mail clerks signed the log, delivered the checks and logs to Accounting where the items were reviewed and signed for. Accounting Manual Item 431 requires that the mail clerks list all the monies received for deposit and the fiscal clerk verify the monies for deposit equal the items on the list. Having the two mail clerks and the fiscal clerk reconcile the items according to the manual will reduce the risk of improper recording of items received for deposit.

WE RECOMMEND that Genesee County FIA have two mail clerks and the fiscal clerk reconcile the monies received for deposit in accordance with the accounting manual.

#### Pending FIA-138/2362 file

5. Genesee County FIA did not maintain a pending file of Action Taken on State Treasurer's Warrants by Local Offices (FIA-138), and Service Warrant Rewrite/Disposition Requests (FIA-2362) for returned state warrants, as required by Accounting Manual Item 462. Instead, the local office noted on the FIA-61 log that an FIA-138/2362 was prepared and sent to the worker. Maintaining a pending file creates an audit trail to the FIA-61.

WE RECOMMEND that Genesee County FIA maintain a pending file of FIA-138/2362's as required by the Accounting Manual.

### **Safe and Controlled Documents**

#### **Items Not Controlled**

6. Genesee County FIA did not properly control the Car Seat and Car Kits that were on hand. Accounting Manual Item 403 states that all controlled items must have a completed Controlled Document Log (FIA-4070) and a Monthly Physical Inventory and Reconciliation of Controlled Documents (FIA-4351) prepared on an ongoing basis. Inventory of the controlled items reduces the risk of improper use.

WE RECOMMEND that Genesee County FIA inventory all controlled items.

#### **Safe Items**

7. Genesee County FIA had passbooks in the safe that dated back to 1920. The passbooks are no longer used, and should be destroyed.

WE RECOMMEND that Genesee County FIA destroy the outdated passbooks.

#### **Monthly Reconciliation Not Completed Timely**

8. Genesee County FIA did not complete the Monthly Controlled Document Inventory and Reconciliation (FIA-4351) on a timely basis. Genesee County FIA completed the 4351 for several months in May of 2003. Accounting Manual Item 403 requires that the FIA-4351 be completed monthly for all controlled documents. Monthly inventory and reconciliation of the controlled items reduces the risk of improper use.



WE RECOMMEND that Genesee County FIA prepare the Monthly Physical Inventory and Reconciliation of Controlled Documents on a timely basis.

Reconciler not Independent

9. Genesee County FIA did not have proper separation of duties for the reconciliation of the controlled documents. The person who performed the inventory and reconciliation of controlled documents had access to the controlled documents. We also noted that the FIA-4351's did not include a reviewer's initials and date. Accounting Manual Item 403 and Primary Internal Control Criteria for Local/District Offices require that two staff, one of whom is independent of the accounting function, perform the FIA-4351 physical count and reconciliation. The preparer and reviewer must sign and date the reconciliation form to document the reconciliation. Requiring two people (including one independent of the controlled document process) to perform the reconciliation and prepare the FIA-4351 reduces the risk of inaccurate reporting.

WE RECOMMEND that Genesee County FIA have 2 people perform the Monthly Reconciliation of Controlled Documents and that both staff sign and date the form.

**CIMS/ASSIST/LASR Security**

CIMS Security Agreements

10. The Genesee County FIA, Central Administration did not have accurate, up-to-date CIMS Security Agreements (FIA-3974A) on file for 4 out of 61 employees who access the Client Information Management System (CIMS), as required by L-Letter 97-063. The four employees had a status code indicated on the FIA-3974A that did not agree with the current status code listed on the Operator Identification Report (PF-011). An accurately completed Security Agreement is necessary to document

that the employee understands the responsibilities associated with their CIMS access, and that the supervisor approves the level of CIMS access.

WE RECOMMEND that Genesee County FIA Central Administration ensure that all employees who have access to CIMS have an accurate, up-to-date Security Agreement on file.

#### ASSIST Enrollment Profiles

11. The Genesee County FIA did not have accurate, up-to-date ASSIST Enrollment Profiles (FIA-3720) and ASSIST Security Agreements (FIA-3721) on file as required by L-Letter 97-156. Three of the 59 employees did not have an ASSIST Enrollment Profile on file, and five did not have an ASSIST Security Agreement on file.

WE RECOMMEND that Genesee County FIA ensure that accurate, up-to-date Enrollment Profiles (FIA-3720's) and ASSIST Security Agreements (FIA-3721) are on file for all employees who have access to ASSIST.

#### Security Officers Log Report (PD-180), (VB9-173), (VB9-163), and (LR-853)

12. Genesee County FIA did not have proper separation of duties for reconciling the Security Officer's Log Reports. The same person who was the security coordinator also reconciled the Security Officer's Log Report (PD-180), the ASSIST Security Officer's Log Report (VB9-173), and the Violation Report (VB-163). A Security Officer is to receive these reports for reconciliation purposes. In addition, Genesee County FIA was not reconciling the Local Accounting System Replacement (LASR) Security Officer's Log Report (LR-853) to the LASR Access Security Request (LR-84), as recommended by the Primary Internal Control Criteria for Local/District

Office Operations. Reconciliation of these reports by an independent person ensures that all changes made are accurate and approved by supervision.

WE RECOMMEND that Genesee County FIA have an independent person reconcile the Security Officers' Reports.

#### LASR Security Access Request

13. Genesee County FIA did not have LASR Security Access Requests (LR-84) on file for 2 employees listed on the User Responsibilities by County Report (LR-890), as required by L Letter L-02-088. In addition, one employee listed on the LR-890 report was no longer employed in Genesee County. Maintaining updated LASR Security Access Requests will ensure that all employees with LASR access are appropriate.

WE RECOMMEND that Genesee County FIA keep up-to-date LASR Security Access Requests on file for all active employees, and remove those employees from the system who no longer are employed at the local office.

#### VB9-554 Report

14. Genesee County FIA did not reconcile the ASSIST User Report (VB9-554) to the ASSIST Enrollment Profiles (FIA-3720) and Security Agreements (FIA-3721), as required by L-Letter L-97-156. This reconciliation is necessary to ensure that all employees who have access to ASSIST are properly authorized for their assigned job types.

WE RECOMMEND that Genesee County FIA designate an independent employee to receive and reconcile the VB9-554 report.

### MA-010 Reconciliation Not Being Completed

15. Genesee County FIA did not reconcile items listed on the Transaction Control Report (MA-010), as required by the Primary Internal Control Criteria for FIA Local/District Offices. We found entries on the MA-010 for supplemental payments that were made out to Genesee County Friend of the Court, which were initiated by a worker in Ingham County. Also, Genesee County FIA was not reconciling the ampersand cases and case openings and reopenings.

WE RECOMMEND that Genesee County FIA reconcile the MA-010 Report as required by the Internal Control Criteria for Local/District Offices.

NOTE: Corrective Action Taken while the auditor was on site.

### **Payroll and Timekeeping**

#### Reconciliation of HR-332A (B) Turnaround Report

16. Genesee County FIA did not reconcile the turnaround HR-332A to the original HR-332A report a week after payroll was run. The Primary Internal Control Criteria for Local/District Office Operations recommends that the local office reconcile the turnaround report to verify that the actual time reported agrees with the time that was originally submitted.

WE RECOMMEND that the Genesee County FIA reconcile the turnaround HR-332A report to the original HR-332A report.

## **State Emergency Relief**

### **Supporting Documentation for Payments**

17. Genesee County FIA did not follow established procedures for State Emergency Relief (SER) payments submitted to the Fiscal Office for reconciliation with the FIA-849, 93(A) Issuance Report (ES-440). The workers were not attaching the original invoice/bill/fax to the copy of the FIA-849 that was sent to Accounting. Accounting Manual Item 404 requires that the original documentation be attached to the Accounting Office copy. Attaching the original invoice/bill/fax for the amount to be paid to the Fiscal Office copy of the FIA-849 helps prevent duplicate payments and helps to ensure that payments are accurate and appropriate.

WE RECOMMEND Genesee County FIA attach the original invoice/bill/fax to the Fiscal Office copy of the Authorization Invoice (FIA-849) that is used for reconciliation purposes.

## **North District**

### **IRS Information Security**

#### **Knowledge of IRS Security Procedures**

18. The mailroom staff, new Family Independence Specialists (FIS), and Eligibility Specialists (ES) were unaware of the proper procedures to follow for confidential information received from the Internal Revenue Service (IRS). Program Administrative Manual (PAM) Item 803, and the Primary Internal Control Criteria for Local/District Offices states that local offices should ensure that their staff understands all aspects of the confidentiality laws. Staff understanding of the laws is necessary to ensure that confidentiality is maintained for all information received from the IRS.

WE RECOMMEND that the North District familiarize all staff with all aspects of the confidentiality laws for information received from the IRS.

MA-010 Reconciliation - Supplemental Payments

19. The North District did not reconcile a sample of the Supplemental Payments listed on the Transaction Control Listing (MA-010) to the Supplemental Payment Authorization and other supporting documentation, as recommended by the Primary Internal Control Criteria for FIA Local/District Office Operations. We were informed by the FIM's that the supplemental payments will be reconciled only if they are an ampersand case. Reconciling the Supplemental Payments on a sample basis helps to ensure that the payments are accurate and appropriate.

WE RECOMMEND that the North District reconcile a sample of the Supplemental Payments on the MA-010 to the FIA-13's and other supporting documentation.

MA-010 Reconciliation - Openings and Reopenings

20. The North District did not reconcile a sample of new case openings and reopenings listed on the MA-010 Report to case documentation, as recommended by the Primary Internal Control Criteria for FIA Local/District Office Operations. A sample reconciliation of case openings and reopenings provides assurance that cases were opened by their assigned workers.

WE RECOMMEND that North District reconcile a sample of case openings and reopenings on the MA-010 Report to case file documentation.

### CIMS Status Codes

21. The Section Manager at the North District had FIS status on the Client Information Management System (CIMS). This status code allows this individuals to process transactions that would not be reviewed by an independent person.

WE RECOMMEND that the North District either change the Section Manager to inquiry only status on CIMS, or have an independent person review all transactions processed by the Section Manager.

### ASSIST Job Types

22. The Section Manager and the FIMs all had registration and file maintenance capabilities on ASSIST. This combination of Job Types allows the Section Manager and the FIM's to register a case, and do file maintenance on that case. Internal Control Criteria page 13 states that no one person should have 240/270/280 and 360 or 370 job types. Assigning staff ASSIST job types that allow them to register and open cases on ASSIST does not allow for the proper separation of duties.

WE RECOMMEND that the North District change the Section Manager and FIMs to Job Types that do not allow them to register cases on ASSIST.

### Direct Support Services

#### Vehicle Repairs

23. For two of the 10 car repair payments we reviewed, the case files did not include documentation that the client owned the car. Program Eligibility Manual Item 232 states that the client must own the vehicle and have insurance.

WE RECOMMEND North District obtain documentation of vehicle ownership for customer car repairs.

### **Children's District**

#### **CIMS/ASSIST Security Agreements and Enrollment Profiles**

##### **CIMS Security Agreements**

24. The Children's District did not have accurate, up-to-date CIMS Security Agreements (FIA-3974A) on file for all employees who access the Client Information Management System (CIMS), as required by L-Letter 97-063. Seven of 165 employees did not have a FIA-3974A on file, and 26 had a status code indicated on the FIA-3974A that did not agree with the current status code listed on the Operator Identification Report (PF-011). An accurately completed Security Agreement is necessary to document that the employee understands the responsibilities associated with their CIMS access, and that the supervisor approves the level of CIMS access.

WE RECOMMEND that Children's District ensure that all employees who have access to CIMS have an accurate, up-to-date Security Agreement on file.

##### **ASSIST Enrollment Profiles and ASSIST Security Agreements**

25. The Children's District did not have accurate, up-to-date ASSIST Enrollment Profiles (FIA-3720) or ASSIST Security Agreements (FIA-3721) on file for all employees, as required by L-Letter 97-156. Five employees out of 175 did not have an FIA-3720 or FIA-3721 on file. Ten of the 175 employees did not have an ASSIST Security Agreement on file, one employee had an ASSIST Security Agreement on file, but it was not signed. For 20 of the ASSIST Enrollment Profiles we reviewed the job types indicated on the FIA-3720 did not agree with the current job types listed on the Monthly User Listing, ASSIST Report Number VB9-554.



WE RECOMMEND that the Children's District ensure that accurate, up-to-date Enrollment Profiles (FIA-3720's) and ASSIST Security Agreements (FIA-3721) are on file for all employees who have access to ASSIST.

#### VB9-163 Violation Report

26. The Children's District did not properly separate the duties of the Security Coordinator and the Security Officer. The Violation Report (VB9-163) is received by the Security Coordinator who is the same person who initiates the enrolling/disenrolling, password changes and unlocks user I.D.'s. The Primary Internal Control Criteria for Local/District offices, states that an independent person should reconcile the transactions listed on the VB9-163 and notify management of resets made by the security officer.

WE RECOMMEND that the Children's District have an independent person review the VB9-163 Report and notify management of any resets made by the security officer that are reported on the VB9-163 Violation Report.

NOTE: Corrective action taken while the auditor was on site

#### Security Officer's Log Report (PD-180), (VB9-173)

27. Children's District did not reconcile the CIMS Security Officer's Log Report (PD-180) to the Security Agreements (FIA-3974A's), or the ASSIST Security Officer's Log Report (VB9-173) to the ASSIST Enrollment Profiles as recommended by the Primary Internal Control Criteria for Local/District Office Operations. Reconciliation of these reports ensures that all changes made are accurate and approved by supervision.

WE RECOMMEND that Children's District reconcile the PD-180 and VB9-173, reports to revised Security Agreements and Enrollment Profiles.

NOTE: Corrective action taken while the auditor was on site

### **Pierson Road District**

#### **Mail Opening**

28. The Genesee County FIA, Pierson Road District had one person opening the mail instead of two as required by Accounting Manual Item 431. The Accounting Manual states that one person should open the mail, and the second should log the items on the FIA-61. Having the second person log in the warrants helps to ensure that all items received are recorded.

WE RECOMMEND that the Pierson Road District have one mail clerk open the mail and the second mail clerk log the checks, money orders and the returned state warrants.

#### **Permanent File of FIA-138/2362's**

29. The Pierson Road District did not maintain the permanent file of FIA-138's and FIA-2362's in alpha or case number order as required by Accounting Manual Item 431. Instead the district was maintaining the FIA-138/2362's with the attached FIA-61 log by month. Maintaining the FIA-138/2362's in alpha order by fiscal year will create an audit trail to the FIA-61 log.

WE RECOMMEND that the Pierson Road District maintain the FIA-138/2362's in alpha or case number order in the permanent file.

## **CIMS/ASSIST Security Agreements and Enrollment Profiles**

### **CIMS Security Agreements**

30. The Pierson Road District did not have accurate, up-to-date CIMS Security Agreements (FIA-3974A) on file for all employees who access the Client Information Management System (CIMS), as required by L-Letter 97-063. Two out of the 113 had a status code indicated on the FIA-3974A that did not agree with the current status code listed on the Operator Identification Report (PF-011). An accurately completed Security Agreement is necessary to document that the employee understands the responsibilities associated with their CIMS access, and that the supervisor approves the level of CIMS access.

WE RECOMMEND that Pierson Road District ensure that all employees who have access to CIMS have an accurate, up-to-date Security Agreement on file.

NOTE: Corrective action taken while auditor was on site

### **ASSIST Enrollment Profiles and ASSIST Security Agreements**

31. The Pierson Road District did not have accurate, up-to-date ASSIST Enrollment Profiles (FIA-3720), or ASSIST Security Agreement (FIA-3721) on file for all employees, as required by L-Letter 97-156. Four employees out of 100 did not have an FIA-3720 or FIA-3721 on file. In addition, two employees' Security Agreements were not signed.

WE RECOMMEND that the Pierson Road District ensure that accurate, up-to-date Enrollment Profiles (FIA-3720's) and ASSIST Security Agreements (FIA-3721) are on file for all employees who have access to ASSIST.

NOTE: Corrective action taken while the auditor was on site

#### Incompatible ASSIST Job Types

32. The Pierson Road District had assigned ASSIST job types that were incompatible. The Section Manager, and the FIM staff had been assigned job types 270 (FIS) 280 (FIM) and 360 (RSS) on ASSIST. The Office Supervisor had been assigned job types 280 and 360. Primary Internal Control Criteria for Local/District Office Operations, page 13, states that no one person should have 240/270/280 and 360 or 370 job types. Assigning staff ASSIST job types that allow them to register and open cases on ASSIST does not allow for the proper separation of duties.

WE RECOMMEND Pierson Road District delete the ASSIST 360 job type from the Section Manager, Office Manager and FIM staff.

#### Improper CIMS Status for Fiscal Staff

33. Pierson Road District had assigned Client Information Management System (CIMS) status levels that were inconsistent with staff job responsibility. The fiscal clerk had been assigned “FLM” status on CIMS. Internal Control Criteria page 65 states that fiscal staff should be assigned only inquiry status on CIMS and should not have file maintenance capability on CIMS, or registration capability in ASSIST. Assigning fiscal staff FLM status would allow them to open and change cases and process payments to those same cases.

WE RECOMMEND Pierson Road District either change the fiscal staff to INQ status, or customize their FLM status to allow only the transactions necessary to do their jobs, and have an independent person review transactions processed by the fiscal staff.

#### Supplemental Payments- Permanent File

34. The Pierson Road District did not maintain a permanent file of supplemental payments by fiscal year in alpha order. Instead, the file was maintained monthly in alpha order. Accounting Manual Item 431 states that a permanent file must be maintained in alpha or case number order. Maintaining the file for a fiscal year instead of by month will allow management to determine how many supplemental payments one client has received in a year.

WE RECOMMEND Pierson Road District maintain the permanent file of supplemental payments in alpha order by fiscal year.

#### Direct Support Services

##### Documentation for Vehicle Purchase

35. In one case where Pierson Road District purchased a vehicle for a client the worker did not document that the car was needed for employment, as required by Program Eligibility Manual (PEM) Item 232, page 5.

WE RECOMMEND Pierson Road District document that vehicles are needed for employment when authorizing vehicle purchases.

##### Vehicle Repairs

36. The Pierson Road District did not have adequate case file documentation for 4 out of the 10 cases reviewed for car repairs. The Pierson Road District case files did not include documentation that the client owned the car and it was insured. PEM Manual Item 232 requires that proof of ownership be verified when approving car repairs.

WE RECOMMEND Pierson Road District obtain documentation of vehicle ownership and insurance before authorizing customer car repairs.

### **McCree District**

#### **Cash Receipts**

##### **Permanent File of FIA-138/2362**

37. McCree District did not maintain a permanent file in alphabetical or case number order for a fiscal year for Action Taken on State Treasurer's Warrants by Local Offices (FIA-138) and Service Warrant Rewrite/Disposition Requests (FIA-2362), as required by Accounting Manual Item 462. Instead, the district office filed them in alpha order by month. Maintaining the FIA-138/2362 by fiscal year, creates an audit trail to the FIA-61.

WE RECOMMEND that the McCree District maintain a permanent file of FIA-138/2362's in alpha or case number order by fiscal year, as required by the Accounting Manual.

#### **Controlled Documents**

##### **Improper Control Over Bus Passes**

38. The McCree District did not properly safeguard bus passes. The FIM's maintained a working supply of bus passes in their desk drawers. Accounting Manual Item 431 states that controlled documents should be kept in a secured area. Allowing FIM's to keep bus passes increases the risk of misuse.

WE RECOMMEND that the McCree District keep bus passes in the fiscal office, and issue them through the fiscal office.

## **CIMS/ASSIST Security Agreements and Enrollment Profiles**

### **CIMS Security Agreements**

39. The McCree District did not have accurate, up-to-date CIMS Security Agreements (FIA-3974A) on file for 3 out of 152 employees who access the Client Information Management System (CIMS), as required by L-Letter 97-063. Four employees had a status code indicated on the FIA-3974A that did not agree with the current status code listed on the Operator Identification Report (PF-011). An accurately completed Security Agreement is necessary to document that the employee understands the responsibilities associated with their CIMS access, and that the supervisor approves the level of CIMS access.

WE RECOMMEND that McCree District ensure that all employees who have access to CIMS have an accurate, up-to-date Security Agreement on file.

NOTE: Corrective action taken while the auditor was on site

### **ASSIST Enrollment Profiles and ASSIST Security Agreements**

40. The McCree District did not have accurate, up-to-date ASSIST Enrollment Profiles (FIA-3720), or ASSIST Security Agreement (FIA-3721) on file for all employees, as required by L-Letter 97-156. Two employees out of 147 did not have a FIA-3720 and three employees did not have a FIA-3721 on file. One employee had a Security Agreement on file, but it was not signed.

WE RECOMMEND that the McCree District ensure that accurate, up-to-date Enrollment Profiles (FIA-3720's) and ASSIST Security Agreements (FIA-3721) are on file for all employees who have access to ASSIST.

NOTE: Corrective action taken while the auditor was on site

#### Supplemental Payments- Permanent File

41. The McCree District did not maintain a permanent file of supplemental payments in alpha order by fiscal year. Instead, the file was maintained in alpha order by month. Accounting Manual Item 431 states that a permanent file must be maintained in alpha or case number order. Maintaining the file for a fiscal year instead of by month will allow management to determine how many supplemental payments one client has received in a year.

WE RECOMMEND McCree District maintain the permanent file of supplemental payments in alpha order by fiscal year.

#### Direct Support Services

##### Vehicle Repairs

42. The McCree District did not include proper case documentation for a vehicle repair for 1 out of the 9 cases reviewed. The case file did not include documentation that the customer owned the car. PEM Manual Item 232 requires verification of proof of ownership when approving car repairs. Also, we found one case where the invoice for the car repair was not in the case record, however it was located in Central Accounting.

WE RECOMMEND the McCree District obtain documentation of vehicle ownership for customer car repairs.

WE ALSO RECOMMEND that the McCree District retain documentation to support the payments in the case record.



## **Client Processing**

### **Case Documentation**

43. The McCree District did not have adequate case file documentation for 6 out of 10 cases reviewed. In one case we did not find an Application (FIA-1171) on file for the time period when the payment was made to the customer. In five instances the case did not contain payment documentation, however, we could locate all the payment information in Central Accounting. The case record must contain an Application and all necessary documentation to support the case opening and any payments authorized on behalf of the customer.

WE RECOMMEND McCree District maintain all required case documentation to support case openings and payments.